

R educing Allowance

Churn

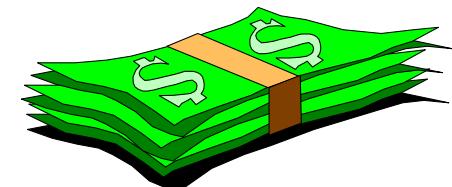
Caused by Maintenance

Intelligent Investment
Actions

For Tomorrow's Readiness



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Reducing Allowance Churn Caused by Maintenance

OUTLINE Actions

- ✓ Maintenance Driven Allowance Churn
- ✓ Allowance Churn Reduction Initiative (ACRI)
- ✓ Summary



Reducing Allowance Churn Caused by Maintenance

✓ Definition Actions

Changes to Existing Equipment Installations

✓ Background

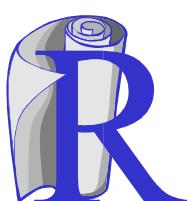
- ▀ Maintenance Actions Causing Allowance Increase with Little Return on Investment...Increased Churn

- ✖ 5-10 Years Between Re-Allowance Events

- ✖ Maintenance Actions Are Not "Planned"

- ◆ Behind-The-Scenes Actions (BRF, SM&R)
 - ◆ Allowance Optimization
 - ◆ Item Not on the Shelf

- ✖ Repetitive/Periodic Recomp. of Equip. APLs for Same Ship



Reducing Allowance Churn

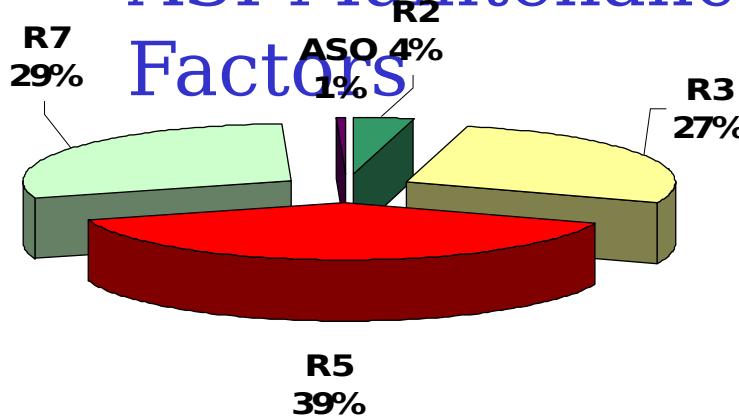
Caused by Maintenance Actions

Maintenance Driven Allowance Churn
✓ Reduction Initiatives
Program Review 99

- ✖ Churn Caused by Maintenance Actions
 - ◆ Maintenance Actions Disseminated via COSAL
- COSAL Decision Process (CDP)
 - ✖ Produce Less COSALs
 - ◆ Based on “Need”/Funding Approval - CSM/ACP
- Targeted Allowance Technique (TAT)
 - ✖ Discretely Apply Optimized Allowances to Ship’s SRF (Adds)
 - ✖ Purge Allowances with No Usage or Application

Where Next...Attack Remaining Random Churn

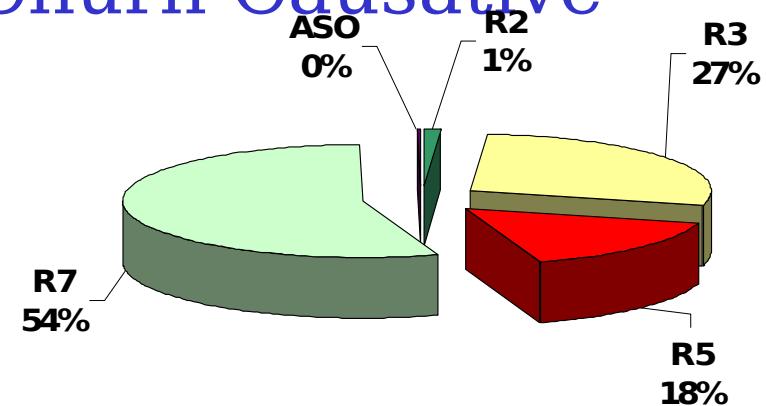
R educing Allowance Churn Caused by Maintenance Churn Actions



**FY98
DRIVERS**

R2 - RIC Supersession
R5 - Logistics Support Request Changes
R7 - Pen & Ink

(Based on dollar value)



**FY99 (YTD)
DRIVERS**

R3 - New/Revised APL



Reducing Allowance Churn

- Maintenance Driven Allowance Churn
- ✓ Results of Research
- Measured Observed Demand of (NIIN Specific) Adds on 15-SHIP Sample, Determined Allowance Effectiveness
- Actions

AVERAGE DELTAS RESULTING FROM ADDS

| | Allow Effectiveness | FY98\$\$ (M) |
|-----------------------------|---------------------|--------------|
| Original Effectiveness | 72.4% | |
| Minus RIC Supersession Adds | 72.4% | .4 |
| Minus New/Revised RIC Adds | 72.4% | 3.5 |
| Minus LSRI Adds | 72.3% | |
| 5.1 | | |
| Minus Pen & Ink Adds | 72.2% | 3.8 |
| Minus ALL Maintenance | 72.2% | 6 |

MINIMAL RETURN ON INVESTMENT



Reducing Allowance Churn

- Allowance Churn Reduction Initiative
 - Caused by Maintenance Actions:
 - ✓ Continue Allowancing Modernization & Selected Maintenance Actions:
 - RIC Supersessions from Unsupported to Supported
 - New RICs (LSSC Changes to AA)
 - Configuration Range Adds/Depth Increases
 - Selected P&I/Rev APL Updates (PMS, Safety, “F” AORs)
 - ACIP (3M “G/J” N/C Hits) (3 per year; UIC/NIIN/RIC)
 - NSAF Changes (UIC/NIIN/RIC)

RIC Header (B Records) & Piece Parts (C Records)

Continue to Flow for All Captured Changes



Reducing Allowance Churn

- Allowance Churn Reduction Initiative
- **Caused by Maintenance Actions**
 - ✓ NAVSEA msg. 011128Z NOV 99 (Fleet Buy-In)
 - Authorized Initiative Effective January 2000
 - ✖ RIC Supersessions
 - ◆ RIC Superseded from RIC "A" to RIC "B"
 - ✖ Revised APLs
 - ◆ Reprovisioning Actions (Not Approved Through Gatekeeper)
 - ✖ Pen & Inks
 - ◆ MRU, ANC, NIIN, AFC, BRF, SM&R (Not Approved Through Gatekeeper)
 - ✖ Logistics Support Requests
 - ◆ Submitted by the Ship (via the CDM) or the CDM



Reducing Allowance Churn Caused by Maintenance Actions

Summary

Allowance Churn Reduction Initiative
in Affect since January 2000

- Actual results confirm prototype analysis
 - ☒ Effectiveness Decline .1%
 - ☒ Cost Savings >\$11M